

Minutes of the Centerville **City Council** meeting held Tuesday, June 3, 2014 at 7:00 p.m. in the Centerville City Hall Council Chambers, 250 North Main Street, Centerville, Utah.

MEMBERS PRESENT

Mayor Paul A. Cutler

Council Members Ken S. Averett
John T. Higginson
Stephanie Ivie
Lawrence Wright

MEMBER ABSENT

Tamilyn Fillmore

STAFF PRESENT

Steve Thacker, City Manager
Lisa Romney, City Attorney
Neal Worsley, Centerville Police Chief
Katie Rust, Recording Secretary

STAFF ABSENT

Blaine Lutz, Finance Director/Assistant City Manager

VISITORS

Interested citizens (see attached sign-in sheet)

PLEDGE OF ALLEGIANCE

PRAYER OR THOUGHT

Councilman Ken S. Averett

OPEN SESSION

Brad Thueson – Mr. Thueson, General Manager of Cedar Springs Condominiums, stood with members of the Cedar Springs Board of Directors to show support and deepest gratitude to Chief Worsley and the Centerville Police Department. Mr. Thueson stated the officers of the Centerville Police are true professionals. He expressed appreciation for the support they give to the community and specifically to Cedar Springs.

Summer Thatcher – Ms. Thatcher is Controller of Cedar Springs Condominiums. She expressed appreciation for the Police Department and their quick response time. Virginia Losee, Cedar Springs Board of Directors Vice President, presented Chief Worsley with a plaque.

Mark Austin – Mr. Austin, a member of the UTOPIA Advisory Committee, stated that the Committee has wondered if other groups besides Macquarie have submitted proposals of what to do with UTOPIA. He stated the Committee feels UTOPIA has a responsibility to do due diligence in requesting proposals, even if it is thought that no one would be interested. Mr. Austin expressed concern regarding an article he read in the Tribune stating that UTOPIA had met with First Digital and agreed to look at their proposal, but the UTOPIA Board voted to ban consideration of any other proposals. Mr. Austin stated the City needs to be able to consider different options to make the right decision. He asked if the report was accurate, and if accurate, why it happened.

Mayor Cutler responded that the UTOPIA Board Chair brought up the resolution to limit the offers considered because a lot of different groups and cities were asking UTOPIA staff to look at different options. UTOPIA staff is short handed with limited resources. Mayor Cutler

1 explained that the resolution clarifies that only proposals serious in nature will be considered by
2 the Board. An exception was made for First Digital as well as a proposal the Mayor of Orem is
3 working on. The Resolution states UTOPIA will not entertain new proposals "except as
4 approved by the Board of Directors." Mr. Austin stated he feels UTOPIA owes it to the citizens
5 to be open and above board in considering options, and not throw away options that may be the
6 right answer. Mayor Cutler stated he is in favor of looking at as many options as possible.
7

8 Blaine Lutz, Assistant City Manager/Finance Director, explained that in the agreement
9 with Macquarie, Macquarie was granted a period of exclusivity. Macquarie waived that right for
10 a couple of other proposals. Mr. Lutz stated UTOPIA has still not received a formal proposal
11 from First Digital. Discussions are continuing, but Macquarie's is the only formal proposal
12 received so far. Mr. Austin stated he feels there is always time to look carefully enough to come
13 up with the right answer. Mayor Cutler said the UTOPIA Board voted not to open a formal RFP
14 (Request For Proposal), but he agreed with Mr. Austin that an RFP would be a good idea.
15

16 Dale McIntyre – Mr. McIntyre proposed that Centerville refuse to sign-off on Milestone
17 One until such time as there is an RFP.
18

19 Nanette Smith – Ms. Smith stated she is on the Advisory Committee. She expressed the
20 feeling the Committee was given a fire hose of information about Macquarie without the
21 foundation of knowing what had happened before hand with UTOPIA. In the last two weeks she
22 has found out more of UTOPIA's history and the pattern of asking for more money. She
23 expressed disapproval for what she feels are scare tactics to force the cities into going with
24 Macquarie. She stated she is fine with another company coming in and taking over, but the
25 principle of charging a utility fee does not sit well with her or a lot of other people. She feels that
26 before jumping into another debt, the cities should look at the UTOPIA Board and staff and
27 make changes. She stated she feels they should have more to show for the millions of dollars
28 that have already been spent. She added she does not agree with the Board rejecting more
29 proposals. Ms. Smith said the Advisory Committee at their last meeting came to the conclusion
30 to recommend proceeding on to Milestone Two, but she said that decision was because of a
31 lack of information. They had more questions than answers, and felt in order to get the answers
32 the City should move ahead. In retrospect she feels it is ludicrous to pay to get more answers.
33 She suggested the answer would be to rearrange the management of UTOPIA. Ms. Smith
34 begged the Council to think twice before getting the City into it further.
35

36 Patricia Hedrick – Ms. Hedrick provided the Council with literature she got off the internet
37 regarding Macquarie and its partnership to operate a toll road in Indiana. She recommended
38 the Council find out what Macquarie's track record is in its other partnerships before making a
39 decision.
40

41 Mayor Cutler stated that an open house and presentation by Macquarie will be held at
42 City Hall on Thursday, June 5th at 7:30 p.m.
43

44 Steve Allen – Mr. Allen asked if each of the Council members and Macquarie know the
45 details of the First Digital proposal. He asked when the details of the First Digital proposal will
46 be available to the public, and if the public will be able to have a comparison chart of the two
47 proposals. Mr. Allen asked why the Macquarie proposal is public and not the First Digital
48 proposal.
49

50 Mayor Cutler responded on behalf of the Council that he and Mr. Lutz know only the
51 high-level details of the First Digital proposal. He explained that under State law a company can
52 declare some material protected under GRAMMA. First Digital has exercised that right.
53 Anyone who discloses that information is subject to a Class B misdemeanor. First Digital is a

1 private company trying to protect their information, but Mayor Cutler stated he suspects at some
2 point they will choose to make it public. The Mayor continued he can share the information with
3 Council members, but they would be subject to the same restrictions. Lisa Romney, City
4 Attorney, stated the Mayor is correct, but added that final decisions cannot be made without
5 providing information to the public. Mr. Allen questioned which body had instigated the
6 confidential agreement.
7

8 Stephanie Ivie – As a citizen Ms. Ivie asked staff to clarify the statement that not only did
9 the UTOPIA Board not put out a request for proposals, but granted Macquarie exclusive rights
10 to be the only bidder for a while. Mr. Lutz explained it is his understanding that the agreement
11 with Macquarie gave Macquarie a period of exclusivity to discuss the project. He added there
12 was discussion with Macquarie regarding First Digital, and Macquarie agreed discussions could
13 continue with First Digital and a couple of other potential proposals. Regarding no RFP, Mr.
14 Lutz explained the process has been going on for a long time. A couple of years ago an attempt
15 to receive proposals was made with no response. He stated that UTOPIA meant to portray that
16 as an organization it needs to put staff time into focusing on the two proposals presented to
17 them. Mayor Cutler stated the Predevelopment Agreement with Macquarie is available on the
18 City website. The Mayor stressed that individual cities are not limited in their ability to look at
19 other options.
20

21 Rick Bingham – Mr. Bingham referred to a recent article in the Davis County Clipper in
22 which Mr. Lutz is quoted. He asked Mr. Lutz if the quote is accurate. Mr. Lutz responded he
23 doesn't remember the exact words, but he said something to the effect that citizens would not
24 need to pay more than the utility fee for basic, minimal service. Mr. Bingham asked about the
25 basic service that would be provided to citizens under the Macquarie proposal. Mr. Lutz
26 explained the proposal as he understands it. Mr. Bingham stated he feels he would have to pay
27 a lot more under the Macquarie proposal to get the same level of service he has now. He
28 stated he feels the comment in the Clipper was misleading. He asked if the Clipper is correct in
29 stating that Mr. Lutz is the Assistant City Manager. City Manager Thacker responded that Mr.
30 Lutz is both Finance Director and Assistant City Manager. Mr. Bingham expressed opposition
31 to Mr. Lutz representing the City to the media. Mr. Thacker explained that there are times when
32 members of staff other than himself or the Mayor are more qualified to speak regarding their
33 areas of expertise. He added that he finds it troubling that statements meant as general
34 statements and principles have been taken out of context and used in this manner.
35

36 Dave Hancey – Mr. Hancey asked if UTOPIA would profit if it is taken over by another
37 entity. Mayor Cutler stated that under the rules of the Interlocal Agreement, cities have the
38 ability to hire someone to operate services on their behalf. If the cities enter into a contract with
39 Macquarie, Macquarie would operate the assets of UTOPIA on behalf of the cities. The Mayor
40 explained that when UTOPIA benefits, its owners - the cities - benefit. Any profits or revenues
41 would flow back to the cities in the same way that costs flow back to the cities. UTOPIA is a
42 group of cities acting together. Mayor Cutler continued that the cities are considering the
43 Macquarie proposal as a possible way to solve financial challenges.
44

45 Amy Hancey – Ms. Hancey stated she does not feel a utility fee should be imposed, and
46 asked if the proposed \$18-20 utility fee is guaranteed to go up every year. Mayor Cutler
47 responded that the Macquarie proposal includes an \$18-20 utility fee that would increase every
48 year by a mutually agreeable index such as the CPI. The question before the Council is not
49 whether or not they accept the plan. The question is whether they feel the proposal is
50 interesting enough to do more due diligence with Macquarie to find out all the terms and details,
51 or is the Council ready to dismiss it now and not enter into more negotiations.
52

1 Charlie Rawlins – Mr. Rawlins stated he had trouble finding the City budget online using
2 a mobile device. Mayor Cutler agreed that the mobile device version of the website is difficult.
3 Mr. Rawlins expressed a desire for the City to explore the option of moving back to volunteer
4 management of some of the Parks and Recreation programs. He referred to the fact that the
5 baseball program was successfully run by volunteer management for many years. Mr. Rawlins
6 also suggested the City consider hiring a staff engineer.
7

8 Mr. Lutz showed where to find the Tentative Budget on the City website. Mr. Thacker
9 responded that a successful volunteer program requires a great deal of enthused volunteers.
10 He stated that years ago the baseball program got to a point that it would not survive unless the
11 City took over management. Mayor Cutler stated that across the country baseball programs are
12 struggling with decreased participation numbers. Mr. Thacker added that the City's baseball
13 program is run with a small budget that is entirely funded by the fees associated with it. It does
14 not affect the General Fund. Mr. Thacker explained he has had experience with and without an
15 in-house engineer during his career. He said that, taking everything into consideration, he is not
16 convinced that having an in-house engineer would be better than Centerville's current
17 arrangement. Mr. Rawlins asked if it would be possible to explore the possibility of a volunteer
18 baseball program. He stated he feels existing communication difficulties could be improved with
19 a volunteer program, and expressed confidence that a volunteer baseball program could be
20 successful. Mayor Cutler said the City would be happy to consider a volunteer program if
21 community members are willing to take it over, and that he would be happy to meet with Mr.
22 Rawlins.
23

24 Keith Prescott – Mr. Prescott asked if it would be possible to put the UTOPIA question to
25 a vote of the people rather than a decision made by the Council. Lisa Romney, City Attorney,
26 responded that State law only allows certain items to be put on a ballot. She stated that in her
27 opinion the UTOPIA matter would not qualify to be placed on a ballot, but that State law may not
28 prohibit distributing a survey. Councilman Wright asked if a proposition would be possible on a
29 ballot. Ms. Romney responded that a proposition may be possible, but there are very limited
30 reasons for adding a proposition. In her opinion the question of should UTOPIA move forward
31 with Macquarie would not qualify as a proposition issue. She suggested something less formal
32 than on the ballot, such as a survey. Councilman Higginson requested that citizens contact
33 Council members as an "informal ballot".
34

35 Garth Heer – Mr. Heer asked if the issue could be placed on a ballot at a time other than
36 November. Ms. Romney responded that, no, state law strictly regulates what can be placed on
37 a ballot. Mr. Heer asked how fluoride was put on the ballot. He expressed there must be a way
38 to overcome the restrictions, and added that in his opinion fluoride should be taken out of the
39 water. Mr. Thacker responded that the fluoride issue was a County-wide ballot issue authorized
40 by State law.
41

42 **MINUTES REVIEW AND APPROVAL**

43

44 The minutes of the May 20, 2014 work session and Council meeting were reviewed.
45 Councilman Higginson made a **motion** to approve both sets of minutes. Councilman Averett
46 seconded the motion. Mayor Cutler and Councilman Wright requested amendments to the
47 Council meeting minutes. Councilmen Higginson and Averett approved addition of the
48 amendments to the motion, which passed by unanimous vote (4-0).
49

SUMMARY ACTION CALENDAR

- a. Consider Master Utility Agreement between the City and UDOT for the Relocation of City Facilities in Conjunction with the I-15 South Davis County Project
- b. Award bid to Great Basin Development in the amount \$206,044 for labor and to Mountain States Supply in the amount of \$133,247.51 and Dura Crete in the amount of \$3,971.04 for materials (both materials bids include tax) for the Oakridge and 500 East Waterline Replacement Project
- c. Award bid to Great Basin Development in the amount of \$35,087 for labor and to HD Supply Waterworks in the amount of \$9,630.28 (includes tax) for materials for the Miscellaneous Water Lateral Project
- d. Award bid to Merlin Daines, Inc. in the amount of \$39,900 for labor and to Mountain States Supply in the amount of \$29,621.33 (includes tax) for construction of the Pasture waterline

Councilman Wright made a **motion** to approve all four items on the Summary Action Calendar. Councilman Higginson seconded the motion. Referring to item (a) on the Summary Action Calendar, Councilwoman Ivie asked for clarification regarding right-of-way and access on the UDOT I-15 project. Mr. Thacker and Ms. Romney explained the right-of-way and access portion of the agreement, stressing that UDOT tightly controls access to anything on the freeway. The motion passed unanimously (4-0).

FY 2015 TENTATIVE BUDGET

City Manager Thacker briefly explained portions of the FY 2015 Tentative Budget, including his recommendations for use of additional funds in the General Fund. Regarding employee compensation, he stated the City does not provide an across the board cost-of-living increase. In the work session held earlier in the evening Mr. Thacker recommended the Council approve a 2.5% merit increase with an additional 0.5% to reward outstanding performance, which is 0.5% higher than reflected in the Tentative Budget. He explained that State law requires changes in compensation for certain appointed officials be part of the Tentative Budget public hearing. State law also requires compensation of elected officials be included in the public hearing. Elected official compensation is evaluated every four years in accordance with City ordinance. Mr. Thacker stated that staff went through the evaluation process and recommends an increase of \$200 per month, \$100 from the General Fund and \$100 from RDA, for each Council member and the Mayor. State law sets a pay range for court judges and requires that annual salary increases for judges must be at least equal to the average employee increase. Mr. Thacker suggested the Council also consider increasing Planning Commission per meeting stipends.

City Manager Thacker stated that the City Council has not adjusted the City property tax rates for more than 20 years, and emphasized that the Council is not entertaining a property tax increase in FY 2015. For comparison, Mr. Thacker added that Centerville property tax rates are less than half of Farmington's. There will not be an increase in the water utility bill. A slight increase of 1.5% is proposed for the sanitation bill to cover the inflation index in the contract with the garbage collector. The Council is considering increases in drainage fees, but the analysis is not yet ready for a public hearing. Drainage fees have not changed since being first imposed in 1999 and 2001.

At 8:22 p.m. Mayor Cutler opened a public hearing for the purpose of receiving comments regarding the FY 2015 Tentative Budget.

1 Garth Heer – Mr. Heer proposed the City put a hold on costs similar to private industry
2 and not have any increases. He stated he knows the City has been conscientious, and
3 proposed applying austerity as a means of communicating to the employees and people in the
4 city that the job can be done without raising costs every year. He said he likes the idea that the
5 city does not have an automatic cost-of-living adjustment. He suggested that elected official
6 compensation adjustments should be conservative, and recommended that implementation of
7 those adjustments not apply for current Council and Mayor, but one or two terms hence.

8
9 Rick Bingham – Mr. Bingham stated he recently reviewed salaries in smaller
10 communities, and he found that elected official stipends are higher in smaller communities than
11 in Centerville. He said he would be in favor of an increase in elected official compensation
12 considering the time that Council members and the Mayor give to the community.

13
14 Amy Hancey – Ms. Hancey expressed concern regarding the amount of uranium in the
15 water and the infrequency of some substance testing, and asked if it is an issue that needs to
16 be considered in the budget. Mr. Thacker explained that the testing regimen for water is highly
17 governed by State and Federal regulations. Different substances have different testing
18 schedules. Mr. Lutz stated the Water Department is complying with State and Federal law,
19 including the requirement that all connections must be switched to copper, which is not
20 inexpensive. The cost of switching to copper is included in the Budget.

21
22 William Ince – Mr. Ince stated he knows the City has tried to control taxes, but
23 expressed the opinion that taxes have not been stable. He stated his property tax bill has
24 increased from \$1,100 to just under \$2,400 since he bought his home in 1989, and the big thing
25 that affects taxes is the valuation of property. He believes he can get more for his property now
26 than when he bought it, but recognizes that the amount of money the City is getting from his
27 property has tripled over the last 24 years. Regardless of what the City or the County say, rates
28 are up appreciably. Regarding compensation, he recognized that what the Centerville Mayor
29 and Council members make is a pittance compared to what County leaders are paid. He stated
30 he does not believe County leaders give service. He feels they are fully-paid employees. The
31 City Council and Mayor do give service and he appreciates it. He said he believes the minor
32 amount of increase proposed is insignificant compared to what they do.

33
34 Mr. Thacker explained the Utah Truth in Taxation law in response to Mr. Ince's
35 comment. Centerville has not gone through the Truth in Taxation process in 20 years, noting
36 that the only additional property tax the City has received in that period is due to "new growth",
37 or new development. Mayor Cutler explained that over the years property tax revenue has
38 represented a smaller and smaller percentage of the overall City budget. The Mayor added that
39 property tax revenue in Centerville covers the City's Fire Agency assessment, with a little left
40 over. The bulk of funds used for services are from sales tax.

41
42 Rick Bingham – Mr. Bingham stated he had heard that the South Davis Metro Fire
43 Agency is considering creating a separate taxing district. He expressed great concern with that
44 idea. Mr. Bingham asked what the cost of maintaining an independent city fire department is
45 versus what the City pays now.

46
47 Mr. Thacker responded that Centerville has been part of a multi-city Fire Agency for a
48 long time, even prior to participation in the South Davis Metro Fire Agency. He added that
49 requirements and expectations have changed over time. As the City's representative on the
50 Fire Agency Board, Mayor Cutler stated that some mayors have advocated a separate taxing
51 entity, himself not included. The Mayor said the Fire Department argues it is understaffed, often
52 not having enough paramedics to meet needs. The County fills in when needed, but response

1 time has increased. Mayor Cutler said it is his understanding that more than 80% of calls
2 received by the Fire Agency are medical related.

3
4 Nanette Smith – Ms. Smith suggested the City look at procedures to cut costs related to
5 emergency vehicle response. She said a family member of hers was recently involved in a
6 minor accident involving air-bag deployment but no injuries, and she was surprised at the
7 number of emergency vehicles that responded, which she felt was excessive.

8
9 At 8:47 p.m. the Mayor closed the public hearing.

10
11 **RDA MEETING**

12
13 At 8:48 p.m. Councilman Wright made a **motion** to move to a meeting of the
14 Redevelopment Agency of Centerville. Councilwoman Ivie seconded the motion, which passed
15 by unanimous vote (4-0). In attendance were: Paul A. Cutler, Chair; John Higginson, Vice
16 Chair; Directors Averett, Ivie, and Wright; Steve Thacker, Executive Director; Blaine Lutz,
17 Finance Director; and Katie Rust, Recording Secretary.

18
19 The Council returned to regular meeting at 8:54 p.m.

20
21 **UTOPIA/MACQUARIE PROPOSAL AND RELATED MATTERS**

22
23 Mayor Cutler explained that the Centerville UTOPIA Fiber Utility Advisory Committee
24 was formed to take a non-political look at the UTOPIA/Macquarie issue and provide
25 recommendations to the Council. The Committee is made up of Centerville residents and
26 business owners with varied background and experience.

27
28 Report from Centerville UTOPIA Fiber Utility Advisory Committee

29
30 Dan Ditto, a member of the Advisory Committee, introduced the other members of the
31 Committee. He reported the Advisory Committee does not have a recommendation for the
32 Council at this time. The Committee does not feel it is ready to give a definitive recommendation
33 because they still have too many questions to make an informed decision. Mr. Ditto said the
34 Committee will continue to study the issue on an expedited basis to give their recommendation
35 in the near future. He stated that the UTOPIA issue is extremely complicated, and Committee
36 members have spent many hours doing research. The Committee has heard from experts both
37 for and against, and is open to contact from citizens. Mr. Ditto added that the issue is fraught
38 with political intensity. The Committee members would like to remove themselves as much as
39 possible from the political aspect. He stated the Committee wants to engage in hard-headed
40 fact finding and make a recommendation based on facts. The Committee wants to come to an
41 agreement on what the questions and issues are; flush out real and verifiable facts; and
42 consider all appropriate options. Mr. Ditto stated he hopes the Council is okay with giving the
43 Committee a little more time. The Committee is dedicated to giving the Council and citizens of
44 Centerville something helpful in dealing with the challenging decision. Mr. Ditto stated the
45 Committee has heard presentations from City staff, Macquarie, George McEwan, Blaine Lutz,
46 and a couple of ISPs that provide service to Centerville.

47
48 Mayor Cutler emphasized that the vote the Council will take in June is whether to
49 continue to investigate the Macquarie proposal, which has a cost associated with it, or reject the
50 proposal outright. The Council and Mr. Ditto discussed when the Committee would be able to
51 present their recommendation. Mayor Cutler recommended the public hearing remain on June
52 17th. The Mayor also expressed his intention to ask the Committee to continue advising the
53 Council throughout the process. Councilman Averett said he would like to hear the Committee's

1 recommendation before voting. Councilman Wright expressed appreciation for the members of
2 the Committee. Councilman Wright expressed the opinion that the question is whether or not
3 the City can approve a utility fee - if not, he feels there is no reason to continue to Milestone
4 Two. He added that even if Centerville opts-out, he believes the City will still be privy to the
5 information and negotiations shared by cities that do continue with Macquarie, without having to
6 pay for it. Councilman Averett expressed his opinion that Council members need to be careful
7 not to politicize the issue. He said he feels it is important to give the Committee room to work
8 without being influenced by politics.

9
10 The Council took a brief recess at 9:17 p.m. and resumed at 9:27 p.m.

11
12 Presentation From Resident

13
14 Mayor Cutler explained that Council member Wright and Ivie requested that a
15 presentation from George McEwan, a Centerville resident, be added to the agenda. Mr.
16 McEwan stated he was opposed to UTOPIA from the beginning. He presented an analysis he
17 put together (a slightly expanded version of the presentation given to the Advisory Committee),
18 a copy of which is attached. Mr. McEwan said the question he is asked most is whether
19 Centerville should continue to throw money at an effectively failed enterprise. He stated he
20 does not have an answer to that question from a community standpoint, but for himself he feels
21 the cities should "reboot" UTOPIA with a completely new Board and creative ideas for change.
22 Mr. McEwan said he finds it troubling that the UTOPIA Board would only focus on two options
23 and ignore other creative ideas.

24
25 Councilman Averett asked Mr. McEwan to explain the difference between UTOPIA's
26 situation and what happened in Provo. Councilman Averett said that to him the situations seem
27 similar, with the exception that Provo sold their network and UTOPIA would retain ownership
28 under the Macquarie proposal. Mr. McEwan responded he is not up to date on Provo's current
29 situation, but explained he feels the biggest difference between the situations is that with one
30 ISP, as is the case in Provo, price fixing is not possible by definition. Councilman Averett asked
31 why Provo has not been sued. Mr. McEwan stated he does not know why Provo was not sued,
32 but he considers the Provo network to be dead. He added he thinks it is worth investigating why
33 the Provo network did not survive.

34
35 Councilman Wright asked Mr. McEwan about ownership of the network as specified in
36 the Interlocal Agreement. Mr. McEwan responded that Macquarie shows revenue sharing as an
37 upside to their proposal, but the UTOPIA Interlocal Agreement already includes revenue
38 sharing. He continued that network assets are not pledged as part of the bond issue. The
39 proceeds of the network's revenue and sales tax are pledged. The network is not turned over to
40 the cities by UTOPIA until the debt is paid. The Council, Mayor, and Mr. McEwan discussed the
41 bond obligations of UTOPIA (of which Centerville is responsible for 3.398%) and UIA (of which
42 Centerville is responsible for 3.65%).

43
44 Councilman Averett asked Mr. McEwan if he has evaluated Macquarie as a business
45 partner. Mr. McEwan responded that he knows Macquarie has a number of lawsuits pending
46 for the way they have operated various utilities. Mr. McEwan said in his opinion Macquarie is
47 looking at this as a guaranteed revenue stream with very little risk. He believes the risk would
48 be born by the citizens of the UTOPIA cities. Councilman Averett asked Mr. McEwan what he
49 feels is the answer if Macquarie is not the answer. Mr. McEwan responded he feels UTOPIA
50 should get creative in what is offered in terms of the network. He continued that UTOPIA should
51 approach content providers and utilize subsidies to offer value-added services within the
52 network. He stated that net neutrality does not apply within the UTOPIA network. He said
53 other cities might be willing to buy into wireless canopies. Mr. McEwan emphasized he feels

1 there is not a single solution, but we need to stop focusing on fiber to the home and focus on
2 fiber to the node and copper to the home. Councilman Averett asked how Mr. McEwan would
3 propose refining the system and improving the product without money. Councilman Wright
4 stated he thinks the cities need to change-out those who are on the UTOPIA Board and replace
5 them with people who can think innovatively and are not bound by years of group-thinking.
6

7 Councilman Higginson said he feels that even though Centerville is part of UTOPIA, the
8 City gets to make its own decision. He stated he feels the City has an obligation to the 30% of
9 the community already connected to make sure they continue to have service, and an obligation
10 to the 70% not already connected. Councilman Wright said he would ask the UTOPIA Board
11 what they are going to do to continue providing services. Mayor Cutler stated that the UTOPIA
12 Board members are required by the Interlocal Agreement to be elected or appointed officials of
13 the cities. He said to his knowledge there are only three Board members that were on the
14 original UTOPIA Board. The Mayor added that he and Mr. Lutz would be happy to give up their
15 Board seats to Council members wanting to participate.
16

17 Mr. McEwan pointed out that to his knowledge no attempt has been made to recover
18 money from companies that managed UTOPIA in the past for fiduciary mismanagement. Mayor
19 Cutler responded there has been significant discussion in closed session about the likelihood of
20 recovering money from previous business partners. He said the decision of the Board was to
21 not pursue legal action. Mr. McEwan said the City has to accept that UTOPIA, the \$343 million,
22 is a sunk cost. The decision to be made is whether or not it is recoverable. He continued that
23 the scary answer may be no, it is not recoverable. The network cannot be sold until the debt is
24 paid.
25

26 Mayor Cutler thanked Mr. McEwan for his presentation.
27

28 **CITY MANAGER'S REPORT**

29

- 30 • Mr. Thacker reported the bid for the first phase of the Community Park expansion
31 has not been awarded because of the mound of soil still on the property. The
32 sources that had been arranged for removing the soil fell through, and the City
33 Engineer and Parks Director have been researching how much of the soil can remain
34 on the property, and options for removal. The cost associated with the analysis will
35 be \$5,000-\$8,000, which could be an RDA expense since most of the soil came from
36 the Performing Arts Center project. The goal is to complete the first phase of the
37 expansion before winter of this year.
- 38 • Mr. Thacker reported that the Parrish/Main Intersection Project bid specs allow for
39 four nighttime closures to do work that would require closure. The contractor has
40 opted to work from early Sunday morning until early Monday morning (June 8-9),
41 which will reduce the likelihood of needing other nights of closure. Councilman
42 Wright expressed concern that he observed a large shovel hanging over the traffic
43 lane this week. Mr. Thacker responded that UDOT representatives are watching the
44 safety issue closely. He reported that property owners have expressed surprise that
45 the two historic walls UDOT agreed to replace will be farther from the new sidewalk
46 than expected. UDOT requires 12 feet of clear-zone from the edge of the asphalt.
47 Mr. Thacker said the issue has created some bad feelings among those property
48 owners. He explained that even if a waiver had been granted by UDOT or the
49 Federal Highway Administration, the wall could only have been 12-18 inches closer
50 than it is now.
- 51 • The City Manager showed photographs of enhancement options for the pedestrian
52 bridge planned as part of the I-15 Express Lane Project. The Council indicated a
53 desire for staff to obtain prices for the different options.

- Mr. Thacker described proposed changes in the City newsletter schedule.

MISCELLANEOUS BUSINESS

- Councilwoman Ivie stated she was recently approached by a descendent of William Henry Streeper, who was the last living Pony Express rider and the first Justice of the Peace in Centerville. The descendent asked if there is anything in the City that could be named after William Henry Streeper. Mayor Cutler suggested she bring the idea up with the Landmarks Commission.

MAYOR'S REPORT

Mayor Cutler asked Council members if they had reviewed the suggested UTOPIA opt-out/opt-in documents. Councilwoman Ivie stated she felt they were painful to read with poor grammar. Lisa Romney, City Attorney, asked if the City is required to pass one of the documents. Mayor Cutler responded that the UTOPIA Board has requested the cities pass one or the other to make their decision clear. Councilman Wright stated he would want whichever document the City passes to specify that Centerville receives the Macquarie report. The Council, Mayor and staff discussed changes they would make to the documents. Councilman Higginson commented that West Valley and Midvale have already voted to move forward with Milestone Two. Councilman Wright repeated his belief that Centerville would have access to Milestone Two even if the Council votes to opt out. Mayor Cutler stated his opinion that there is value in moving forward if the City wants to participate in negotiating the terms in Milestone Two. The Mayor said that if Centerville opts in, he would want to make sure that Centerville is given some control over its financial terms rather than locking all the cities together. Councilman Wright repeated that the original Interlocal Agreement includes a provision that provides Centerville with royalties. Ms. Romney responded that Macquarie would create a completely separate, new entity. The revenue with Macquarie would not be funneled into UTOPIA.

Councilman Wright emphasized that a lot of people have told him to not to get involved with a utility fee. He stated he recognizes the benefits they have been hearing about, but he feels a utility fee would be transferring a burden to the backs of the people. Councilman Wright said he will vote against it. Mayor Cutler said he feels it is worthwhile to find out more. He stated he feels there is more to be gained by participating to try to come up with a hybrid model of utility fee/non-utility fee. Councilwoman Ivie stated her opinion that Centerville has a track record of being reluctant to not go all the way with a project when money has been spent to study it. She stated she believes that is why the Parrish/Main Intersection Project is happening. Councilman Higginson stated he feels the two situations are very different. Mr. Thacker said emphatically that her statement is not a fair assessment.

City Manager Thacker pointed out that \$30,000 to keep a seat at the negotiating table is a drop in the bucket compared to the total value and impact of the decision. He urged the Council not to let the \$30,000 be the reason they do not keep the ability to influence something different than is being proposed. Councilman Wright stated the opinion that Centerville will still have a share in UTOPIA and a seat at the table even if the Council chooses to opt out. He added that the City's share in UTOPIA is such a small percentage that Centerville is not listened to anyway. Ms. Romney said that she has been present in some of the meetings, and she has felt involved and listened to, and she believes having a seat at the table makes a difference. Mayor Cutler explained that negotiations and discussions with Macquarie would not take place in UTOPIA Board meetings. As the City's Board representative, Mayor Cutler advocated it would give him and Mr. Lutz a lot more leverage to be taken seriously if Centerville moves forward. The Mayor referred to Payson as a relevant example.

Councilman Averett suggested the Council make its approval to move to Milestone Two conditional on Macquarie giving two options: a utility fee-based model as well as a model without a mandatory user-fee. Councilman Wright expressed his belief that if Centerville opts out, Macquarie will be motivated to entice Centerville to still participate. Councilman Averett said he thinks requesting another option will give the City the ability to participate in further negotiations, and time to look at the other proposal coming down the line. He stressed that the opt-in would need to be conditioned on Macquarie giving two options. Councilman Wright stated he could only support moving forward if there is not a utility fee involved in any form. Councilman Higginson stated that Centerville is different in that it would cost less for Macquarie to connect all Centerville homes, so maybe Macquarie would be willing to agree to something different for Centerville.

APPOINTMENTS

Mayor Cutler recommended Becki Wright be appointed to the Parks and Recreation Committee. Councilman Higginson made a **motion** to appoint Becki Wright to the Parks and Recreation Committee. Councilman Wright seconded the motion, which passed by unanimous vote (4-0). There are currently two open spots on the Board of Adjustments.

BUDGET DISCUSSION

The Council will continue discussion of the FY 2015 Tentative Budget at a work session on June 17th.

ADJOURNMENT

At 11:12 p.m. Councilman Higginson made a **motion** to adjourn the meeting. Councilwoman Ivie seconded the motion, which passed by unanimous (4-0).

Marsha L. Morrow, City Recorder

Date Approved

Katie Rust, Recording Secretary